

City of Detroit

CITY COUNCIL

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TO: Ron Brundidge, Director
Department of Public Works

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 25, 2011

RE: 2011-2012 Budget Analysis

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Attached is our budget analysis regarding your department's budget for the 2011-2012 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, April 27, 2010 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Finance Director
Floyd Stanley, Budget Deputy Director
Donna McAlister, Executive Budget Manager
Denise Gardener, Mayor's Office

Department of Public Works (19)

FY 2011-12 Budget Analysis by the Fiscal Analysis Division

Summary

The Public Works Department is a General Fund agency, and also includes the recently created Solid Waste Fund, Street Fund and Metro Fund activities. The department's structure includes the following four activities, Administration, Street Fund, Solid Waste, City Engineering Services.

On page B51 of the Executive Budget Summary Fiscal Year 2011-12, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund supported with gas and weight taxes distributed to the city under Public Act 51. The summary shows how the street fund revenues are allocated to city departments for street fund eligible activities including operations and maintenance, capital projects involving street resurfacing, bridge repair, traffic control devices and equipment purchases. The city in-kind contribution is also reflected.

The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

2010-11 Surplus/(Deficit)

The surplus/deficit estimates from the Administration based on information through March 2011 indicates a \$924,645 deficit in the Department of Public Works for the current fiscal year. The deficit is the total of a \$133,435 appropriation deficit and a \$791,210 revenue deficit. The explanation for the deficit from the Administration is revenue shortfall.

Overtime

The general fund overtime budget for the current fiscal year is \$100,000. As of March 31, 2011, the department has spent \$38,259 on overtime. This represents 38.26% of the overtime budget spent over 75% of fiscal year period. Unless special overtime needs are related to spring activities, it appears the current year overtime budget will be adequate.

For all funds reporting to the department the overtime budget is \$1.3 and the expenditures as of March 31, 2011 total \$3.0 million, resulting in a deficit of \$1.7 million currently, and if the pattern of spending continues, the year ending deficit in overtime could increase to \$2.7 million for overtime.

The Mayor's 2011-12 Recommended Budget includes an overtime budget in all funds of \$2.6 million. Based on the current year the funding of overtime the Mayor's Recommended Budget amount for overtime appears to be underfunded.

Personnel and Turnover Savings

Following is information by appropriation comparing current FY 2010-11 budgeted positions, March 31, 2011 filled positions and FY 2011-12 Mayor's recommended positions.

	Redbook Positions FY 2010-	Filled Positions 3/31/2011	Mayor's Budget Positions FY 2011-12	Over/(Under) Actual to 10/11 Budget	Mayor's Recommended Turnover
<u>Appropriation/Program</u>	<u>11</u>	<u>3/31/2011</u>	<u>FY 2011-12</u>	<u>10/11 Budget</u>	<u>Turnover</u>
Municipal & Environmental Services Dept. (19)					
190100 Administration	4	4	4	0	\$ -
00028 Administration	4	4	4	0	\$ -
00039 Rodent Control	2	1	1	(1)	\$ -
190702 Engineering Services	5	6	5	1	\$ -
190707 Street & Highway Freeway Design	4	3	4	(1)	\$ -
190708 Survey Office	3	3	3	0	\$ -
191701 General Inspection	16	14	16	(2)	\$ -
00910 City Engineer	28	26	28	(2)	\$ -
193822 DPW Street Maintenance	182	159	167	(23)	\$ -
193825 Transportation Planning	23	18	23	(5)	\$ -
193826 Transportation Signs & Markings	54	41	54	(13)	\$ -
06424 Major Street Fund - Operations	259	218	244	(41)	\$ -
190410 Divisional Administrative Services	3	3	3	0	\$ -
190411 Production Data Center	7	7	7	0	\$ -
12396 Solid Waste Management	10	10	10	0	\$ -
190412 Supervision and Field Office	3	3	3	0	\$ -
190414 Courville Bulk Collection	88	97	88	9	\$ -
190415 Courville Refuse Collection (Residential)	154	126	140	(28)	\$ -
190416 Business District Cleanup	17	16	17	(1)	\$ -
190417 Container Services	11	7	11	(4)	\$ -
190418 Yard Operations	22	8	22	(14)	\$ -
12397 Refuse Collection	295	257	281	(38)	\$ -
190419 Disposal Activities	11	5	11	(6)	\$ -
12398 Refuse Disposal	11	5	11	(6)	\$ -
12698 Pilot Recycling Program	9	5	9	(4)	\$ -
12943 Environmental Inspection Division	32	30	32	(2)	\$ -
13143 Greater Detroit Res. Recovery Authority	5	0	5	(5)	\$ -
Sidewalk Inspections		3			
City Engineering		1			
Seasonals		8		8	\$ -
19XXXX Leave of Absence		8		8	\$ -
19XXXX Worker's Comp.		19		19	\$ -
19XXXX Unmatched Positions					\$ -
TOTAL	<u>655</u>	<u>595</u>	<u>625</u>	<u>(64)</u>	<u>\$ -</u>

Position Changes by Cost Center

<u>Appropriation/Cost Center</u>	<u>Title</u>	<u>Add / (Delete)</u>	<u>Total</u>
00039 Rodent Control			
190402 Rodent Control			
	Environmental Control Inspector	(1)	
	Total		(1)
06424 Major Street Fund - Operations			
193822 DPW Street Fund			
	Street Maintenance Foreman	(2)	
	Vehicle Operator I	(12)	
	Storekeeper	(1)	
	Total		(15)
12397 Refuse Collection			
190415 Courville Refuse Collection - Residential			
	Refuse Collection Packer Operator	(14)	
	Total		(14)
	Grand Total		(30)

Professional and Contractual Services

Department of Public Works (19)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2010-11 Budget</u>	<u>FY 2011-12 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ -	\$ -	\$ -
Street Fund	\$ 6,500,000	\$ 6,600,000	\$ 100,000
Snow and Ice Removal	\$ -	\$ -	\$ -
Public Act 48	\$ -	\$ -	\$ -
Solid Waste	\$ 125,150	\$ 133,600	\$ 8,450
Vacant Lot Clean-up	\$ -	\$ -	\$ -
City Engineer	\$ 15,000	\$ 42,660	\$ 27,660
Total	\$ 6,640,150	\$ 6,776,260	\$ 136,110

Issues and Questions

1. The Transition Management Office (TMO) has a number of initiatives to implement. Are there any TMO initiatives being implemented in DPW in the current year? Are there any TMO initiatives included in the 2011-12 Mayor's Recommended Budget for DPW? If there are, please list each initiative with a short description, and include the start date, end date, projected savings, the method of benchmarking savings upon completion of the initiative.
2. Are there any new revenues or increases in fees charged by the department included in the 2011-12 Mayor's Recommended Budget? Provide details of new and increased fees. Are there fees that could be increased?

3. The information summarized above for overtime in the department shows a current deficit of \$1.7 million through March 31, 2011. The amount of the deficit in overtime could increase to \$2.7 million by year end. Why has the department exceeded the current year's overtime budget? In what activities of the department have overtime expenditures exceeded the budgeted amount? What actions has the department taken in the current year to reduce overtime? What changes in operations are anticipated to allow the department to operate within the \$2.6 million included in the 2011-10 Mayor's Recommended Budget?
4. As the department responsible for the collection and disposal of solid waste for the city, what process is in place, and/or what audit activities does the department perform to ensure that the tipping fee paid to the Greater Detroit Resource Recovery Authority (GDRRA) for disposal does not exceed the cost of land filling solid waste? When was the last review/audit conducted? What is the regular timing for this review?
5. What is the current fee schedule for solid waste disposal through the Greater Detroit Resource Recovery Authority? What is the volume of solid waste, by type, estimated for disposal during fiscal 2010-11 and 2011-12?
6. For fiscal year 2009-10, tipping fees of \$6.5 million were recorded in the financial reporting system. Through March 2011, the total tipping fees paid this year equal \$7.3 million, or around \$810,000 per month. Assuming the remaining three month payments will be \$3.0 million, the total tipping fee for fiscal 2010-11 can be estimated at \$10.3 million. Explain the 2011-12 Mayor's Recommended Budget amount of \$14.1 million for tipping fees, a 36.8% increase from current level.
7. What efforts has the department made to include all cost of solid waste collection and disposal into the solid waste fund? This would include costs for damage claims, vehicle maintenance, and equipment replacement costs among others. When will the fund include all costs of collection and disposal and the fee adjusted accordingly? From a business operating perspective and the fact a separate fund was established for solid waste explain why this does not appear to be a high priority for the department.
8. The Comprehensive Annual Financial Report (CAFR) for June 30, 2010 reports \$8.9 million as Due to Other Funds, and \$18.4 million Due to Other Governmental Agencies, please provide Council with the detail of each fund and agencies with amounts that make up these due to account year ending balance.
9. On average how old are the vehicles in the solid waste collection fleet? What is the normal replacement cycle for this type of vehicle? What problems do you foresee and what alternative plans are you considering in light of the decision not to replace vehicles in the recommended budget? What is the lead-time required for the purchase of solid waste collection vehicles?
10. On page 19-13 of the Executive Budget for Fiscal Year 2011-12 under Major Initiatives for FY 2010-11 it is stated that a Municipal Solid Waste Steering Committee will have input in the development of a strategic solid waste, processing and disposal plan. Who are the members of this committee? How were the members selected? When does the committee meet? Does the committee have minutes of their meetings? Where are the minutes available for review?
11. Which of the revenues, including all grants in DPW are based in some way on population? Are the revenues in the 2011-12 Mayor's Recommended Budget adjusted for the 2010 census figures? For revenues based on population what is the dollar

amount reduction as a result of the 2010 census figures? What operational adjustments will the reductions cause?

12. What is the status of negotiations relating to the \$20 million DTE escrow account? Who is in possession of the actual cash? Who is receiving interest earnings? Since this item has been discussed for a few years, does DTE have access to, and the legal ability to be drawing funds from this escrow account?
13. On page 19-15 of the Executive Budget for Fiscal Year 2011-12, the 2011-12 target participation rates are generally below the 2010-110 projection rates. Is this an indication of a lower acceptance by the public of the program? Overall what is the department's opinion of the success of the curb-side recycling program? What is the likelihood and timing of expanding the program?
14. The recommended budget includes \$3.7 million for the acquisition of vehicles, a decrease of \$132,500. What vehicles are being purchased? Why are these vehicles being purchased through DPW, rather than the Internal Service Fund – Vehicle Acquisition process, and/or General Services? What is the total number of solid waste collection vehicles? What is the replacement cycle for the collection fleet? How many solid collection vehicles will be purchased with the \$3.7 million?
15. Street Fund Operating - and Maintenance – Explain the \$1.2 million reduction in Lighting, and \$406,000 reduction in Snow and Ice Control – Salt.
16. Street Fund – Capital – Traffic Control Improvements State – is decreasing from \$8.5 million to zero. Does this represent the completion of a specific project? Identify the project and areas affected.
17. Street Fund – Capital – Non-Motorized Transportation – Explain the increase of \$2.9 million.

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